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RUEHDK/AMEMBASSY DAKAR 1315
RUEHKH/AMEMBASSY KHARTOUM 0449
RUEHLO/AMEMBASSY LONDON 1691
RUEHNR/AMEMBASSY NAIROBI 0703
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SENSITIVE
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PASS TO TREASURY'S OFFICE OF TECHNICAL ASSISTANCE

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SUBJECT: CHAD: LIMITS OF OIL REVENUE OVERSIGHT

11. (SBU) SUMMARY: In a meeting with the Ambassador June 11, the head of the oil-revenue supervisory office ("College"), Lamana Abdoulaye, acknowledged that the strictures on his office substantially diminished its effectiveness. He also claimed the College had turned back some faulty projects and thus could take some credit for improving oil-revenue management. END SUMMARY.

12. (SBU) The Ambassador paid a call June 11 on Lamana Abdoulaye, the head of the Petroleum Resources Control and Supervision Commission (usually known as the "College"). He was accompanied by Linda Gregory, who served for some months in 2005-06 as Treasury advisor to the College, and by poloff as notetaker. Lamana expressed regret that Gregory had departed Ndjamena due to heightened insecurity in April 2006 and had not returned to resume her post. He praised her professional competence. He asked that a replacement be found for her and said that French fluency would be important to a replacement's effectiveness.

13. (SBU) The Ambassador asked Lamana's view on the role of the College. Lamana expressed irritation that many observers, including journalists, seemed to have an inflated view of that role. They had asked him questions such as what was happening to all the oil money and why the Chadian budget was being violated. If they had read the founding law, he said, they would have realized that the College's legal role was much narrower than they seemed to think. The founding law restricted the College to the relatively small portion of the state's revenues that came from direct oil royalties accruing from the first three producing oil fields, he explained.

14. (SBU) Lamana said that he had remonstrated with the Minister of Finance that it was necessary, in order for the College to carry out its "control and supervision" role, that the College be brought into the full budget picture, but he said he had gotten nowhere. (Note: The Ministry of Finance dictates which projected infrastructure expenditures fall within the purview of the College, up to an amount equivalent to direct oil revenues from the three original fields. End Note.)) Moreover, he said that even the College's "supervision" of projects within its purview was limited. It reviewed bidding documents to ensure competitiveness. He and his small staff spent some time in the field to observe what was accomplished or not accomplished with the money, but its role was observation and not inspection. It also issued an annual report, available to the public.

¶15. (SBU) Lamana admitted that, after four years at the job, he was not seeing the results he had hoped for. Nevertheless, he said defensively, the College had succeeded in turning back some projects, and it had thereby infused some measure of greater effectiveness and diminished corruption in the system. If bidding documents failed to be sent to the College in projects designated for its aegis, the Prime Minister rejected such projects. The College had rejected projects that did not meet the requirements of open, competitive bidding. (Comment: Lamana did not say how many noncompliant projects the College had actually rejected. In fact, we know that the College allows some to get through. End Comment.) He said the College also verified that projects carried adequate bank guarantees. In cases in which the College rejected a project, the concerned ministry had the right to respond, and the Prime Minister (or President) would arbitrate.

¶16. (SBU) Comment: While Lamana chafed at the limitations on the College's role, he also did not convey an energetic interest in interpreting its mandate more widely. Lamana would be quickly slapped down if he tried it. He is an elder of the political scene, a survivor in a tough environment who has a keen sense of the possible. The office he leads does not go far in ensuring that oil money is spent for the good of the populace. To the contrary, to its detriment, it gives the regime a better image for oil-management than it deserves. However, the College goes some little distance, and every little bit helps in a place like Chad.
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